

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 92-295-S - ORDER NO. 92-913 *—C*  
OCTOBER 20, 1992

IN RE: Application of AGI/Pleasant Point	)	ORDER
Plantation Utility Company for Approval	)	APPROVING
to Operate a Sewer System and for	)	SERVICE AREA
Approval of a Schedule of Rates and	)	AND RATES
Charges for Sewer Service Provided to	)	AND CHARGES
Customers in Beaufort County, South	)	
Carolina.	)	

By Application filed May 5, 1992, AGI/Pleasant Point Plantation Utility Company (Pleasant Point or the Company) seeks approval to operate a sewer system and to implement a schedule of rates and charges for sewer service provided to its customers in Beaufort County, South Carolina. The Application was filed pursuant to S.C. Code Ann. §58-5-240 (Supp. 1991) and 26 S.C. Regs. §103-821 (1976).

Subsequent to the initiation of this proceeding, the Executive Director of the Commission instructed the Applicant to cause to be published a prepared Notice of Filing in certain newspapers of general circulation in the affected area and to furnish the same information to each customer. The Notice of Filing indicated the nature of the Application and advised all interested parties desiring to participate in the proceeding of the manner and time in which to file the appropriate pleadings. A

Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A public hearing was held in the offices of the Commission on October 6, 1992, at 11:00 a.m. The Honorable Henry G. Yonce, Chairman, presided. F. J. Hammond, Jr. appeared on behalf of Pleasant Point; the Consumer Advocate was represented by Carl F. McIntosh, Esquire; and the Commission Staff was represented by Gayle B. Nichols, Staff Counsel. Mr. Hammond, managing partner of AGI/Pleasant Point Plantation Limited Partnership, the owner of the Company, testified on behalf of the utility. Neither the Consumer Advocate nor the Commission Staff presented testimony.

After a thorough consideration of the Application, the evidence, and the applicable law, the Commission makes the following findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Pleasant Point is incorporated under the laws of the State of South Carolina. AGI/Pleasant Point Limited Partnership, the developer of Pleasant Point Plantation, acquired the Company in January 1990, and since that time has been providing sewer service without charge to customers in the Pleasant Point Plantation Subdivision in Beaufort County, South Carolina. Specifically, Pleasant Point Plantation Subdivision is located on Lady's Island, North of the City of Beaufort. Pleasant Point is the wholly-owned subsidiary of AGI/Pleasant Point Limited Partnership.

2. Pleasant Point's facilities consist of 1700 lineal feet of sewerage lines and associated manholes, four (4) lift stations, and a treatment plant. Pleasant Point has submitted a Land Application Permit from the South Carolina Department of Health and Environmental Control (DHEC) as evidence of that agency's approval to provide sewer service. Pleasant Point asserts its original plans and specifications are on file with the DHEC.

3. Currently, Pleasant Point serves 40 residential customers. According to its Application, Pleasant Point estimates that in serving the full development, 300 customers, the Company will have total operating expenses of \$87,491.06.

4. Pleasant Point proposes to charge a monthly service charge for single family residential and apartment customers of \$25.00. Mr. Hammond testified that the \$25.00 monthly charge was determined by review of other sewerage rates in the area. Mr. Hammond testified that Pleasant Point had mailed its customers bills with a sewerage charge of \$20.00 a month, but was later informed this was improper.

5. Pleasant Point proposes a disconnection and reconnection charge of \$250 and a late payment charge of 1½%. Pleasant Point also proposes a \$25.00 new customer set-up fee, a \$4.00 fee for notice of disconnection, and a \$20.00 fee for processing a check returned on a customer's account for insufficient funds.

6. Pleasant Point seeks approval of a \$350.00 sewer tap fee. According to Mr. Hammond, the utility incurs \$100 in material costs and \$250 in labor and equipment costs in making a

sewer tap. Mr. Hammond stated that no portion of the requested tap fee was allocated to plant capacity.

7. According to the Application, if the Commission approves its proposed rates and charges, the Company will have an operating margin of 2.79%. This operating margin uses an operating revenue which is based on total plant capacity of 300 customers.

#### CONCLUSIONS OF LAW

1. The Commission exercises general supervisory and regulatory jurisdiction over public utilities such as Pleasant Point in respect to approval of service areas and establishment of rates and charges pursuant to the following statutory mandate:

**§58-5-210. Supervision and regulation of rates and service.**

The Public Service Commission is hereby, to the extent granted, vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the power, after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices and measurements of service to be furnished, imposed, observed and followed by every public utility in this State and the State hereby asserts its rights to regulate the rates and services of every "public utility" as herein defined.

S.C. Code Ann. §58-5-210 (1976).

2. Pleasant Point is a public utility within the meaning of S.C. Code Ann. §58-5-10(3)(1976) if it provides sewer service to the public for compensation.

3. The Commission finds that there is a need for sewer service in the area of Beaufort County where Pleasant Point seeks approval of a service area. The Commission further finds that

Pleasant Point has been providing sewer service, without a monthly charge, to its customers over the past few years. The Commission concludes that Pleasant Point is fit, willing, and able to provide the proposed sewer service in the requested service area.

4. An application for approval of the establishment of initial rates and charges must, of necessity, be based upon estimates and projections. The Commission must determine, on the basis of the evidence in the record and the application of its own expertise, whether those estimates and projections are an adequate basis for rates and charges which are just and reasonable.<sup>1</sup>

5. The three fundamental criteria of a sound rate structure have been characterized as follows:

...(a) the revenue-requirement or financial-need objective, which takes the form of a fair-return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.

Bonbright, Principles of Public Utility Rates (1961), p. 292.

In applying the above-referenced principles, the Commission must balance the interests of the utility--the opportunity to make a profit while providing adequate service--with the interest of its customer--to receive adequate service at a fair and reasonable

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1. The Commission notes that in issuing this Order, it is not specifically approving any of the Company's expenses set forth in Exhibits F and G to the Application.

rate.

6. The Commission approves the rate of \$18.00 per month for sewer service for single family homes and apartments. The Commission concludes that this rate will encourage consumer rationing and discourage wasteful use of Pleasant Point's services. At the same time, the Commission concludes that this rate will encourage the utility to limit its expenses.

7. The Commission approves Plantation Point's proposed tap fee of \$350 per single family equivalency. The Commission finds that the \$350 charge is consistent with 26 S.C. Regs. 103-502.11 (Supp. 1991). Further, the Commission approves the proposed \$250 disconnection and reconnection charge and 1½% late payment charge. The Commission finds that both of these charges are consistent with 26 S.C. Regs. 103-532.2 and 532.4 (Supp. 1991). In addition, the Commission finds reasonable and hereby approves the proposed \$25.00 new customer account charge and the proposed \$4.00 charge for notification of disconnection.

8. The Commission will not address the requested \$20.00 charge for reprocessing a customer's check which has been returned to the utility for insufficient funds. The Commission concludes that this charge is a matter governed by South Carolina law and is outside of its jurisdiction.

IT IS THEREFORE ORDERED:

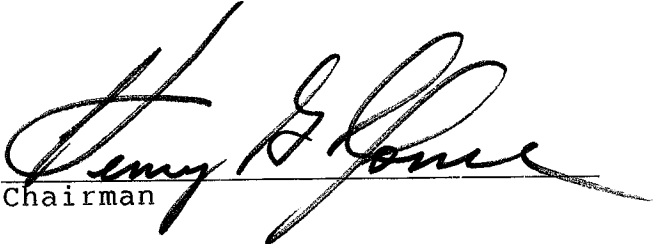
1. That Pleasant Point Plantation Utility Company is granted a Certificate of Public Convenience and Necessity to operate as a sewer utility in Beaufort County, South Carolina.

2. The schedule of rates and charges for Pleasant Point Plantation Utility Company as set forth in Appendix A is approved and may be charged for service rendered on or after the date of this Order.

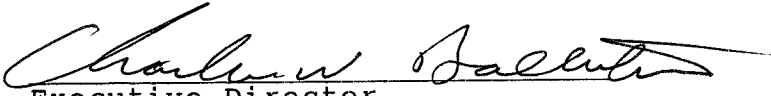
3. Pleasant Point Plantation Utility Company shall maintain its books and records for its sewer operations in accordance with the NARUC System of Accounts for Class C Utilities.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

## APPENDIX A

AGI/PLEASANT POINT PLANTATION UTILITY CO.  
STAR RT. 5  
BOX 135-C  
BEAUFORT, S. C.  
(803) 522-1605

FILED PURSUANT TO DOCKET NO. 92-295-S ORDER NO. 92-913  
EFFECTIVE DATE: OCTOBER 20, 1992

### SCHEDULE OF RESIDENTIAL RATES

<u>Type of Residence</u>	<u>Monthly Service Charge (per Unit)</u>
Single Family Home	\$18.00
Apartment	\$18.00

### SCHEDULE OF TAP FEES

<u>Class of Customer</u>	<u>FEE*</u>
Residential	\$350.00 per SFE

### SCHEDULE OF D/R FEE AND LAKE PAYMENT CHARGE

Disconnection and Reconnection Charge  
(SCPSC Rule 103-532.4) - \$250.00

Late Payment Charge (SCPSC Rule 103-532.2) --  
1 1/2% of unpaid balance remaining 25 days  
after billing date

### SCHEDULE OF OTHER CHARGES

New Customer Set-Up	\$25.00
Notification of Disconnection	\$4.00

All other rates and charges to be negotiated and contracts filed with  
Commission for approval.

### DEFINITION

<u>Item</u>	<u>Meaning</u>
SFE	Single-family equivalent as determined from DHEC guidelines or flow data acceptable to utility.

\*Such applicable fee will be increased to reflect the full  
gross up method for collecting the impact of taxes and fees upon the  
amount collected as set forth in Order No. 88-237, effective on March  
18, 1988.